



New Mexico

Benefits From Exports

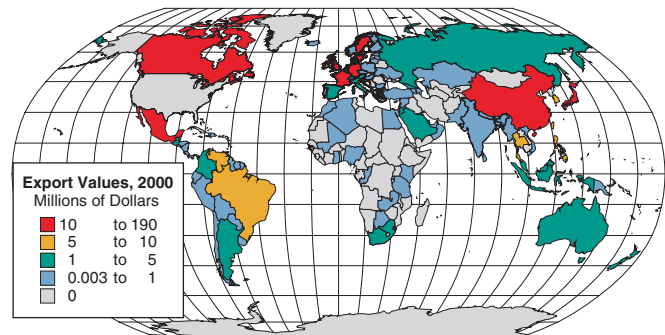
Despite the relatively small size of its manufacturing sector, New Mexico's export sales of merchandise expanded rapidly from \$400 million in 1993 to \$2.96 billion in 1999, before dropping back to \$645 million in 2000. The state's 61 percent increase in exports from 1993 to 2000, while far more modest than the spectacular 641 percent rise between 1993 and 1999, was nevertheless roughly in line with the 68 percent growth in total U.S. merchandise exports during 1993–2000.

New Mexico's exports have also grown on a per capita basis. In 1993, merchandise exports amounted to \$248 for every New Mexico resident. By the year 2000, the per capita value of exports stood at \$355, more than 43 percent above the 1993 level.

New Mexico exported globally to 125 foreign markets in 2000, up from 122 markets in 1997. Slightly more than half of all export sales went to the North American Free Trade Agreement (NAFTA) markets of Mexico (\$190 million in exports) and Canada, (\$138 million). Other major markets in 2000 included Germany, Israel, Japan, China, the United Kingdom, Sweden, France, and South Korea.

NEW MEXICO EXPORTED GOODS WORTH \$645 MILLION TO 125 FOREIGN MARKETS IN 2000

Dollar Value of New Mexico's Merchandise Exports to Foreign Markets, 2000

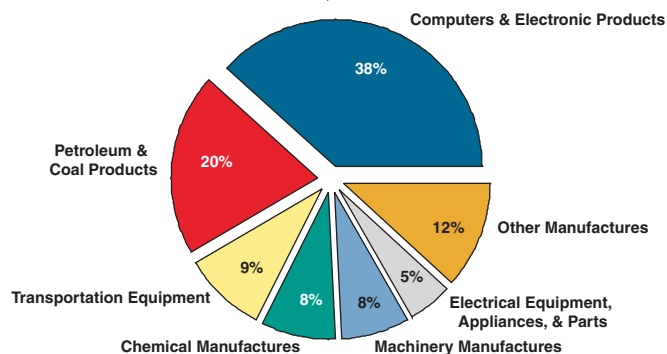


Source: U.S. Department of Commerce, Exporter Location Series.

The NAFTA nations of Mexico and Canada are also New Mexico's biggest growth markets, viewed in terms of dollar increases in exports. From 1997 to 2000, exports to Mexico rose from \$87 million to almost \$190 million—an increase of \$103 million. Sales to Canada grew by \$82 million, rising from \$56 million to nearly \$138 million. Over this period, the state also posted sizable dollar gains in exports to Israel (up \$44 million), Germany (up \$28 million), and Sweden (up \$11 million).

In 2000, New Mexico's leading export category, by far, was computers and electronic equipment. Exports of these products were \$226 million and accounted for more than one-third of the state total. Other major exports included petroleum and coal products (\$118 million), transportation equipment (\$53 million), chemical manufactures (\$49 million), and machinery manufactures (\$44 million). Together, these five sectors were responsible for more than three-fourths of New Mexico's total export sales of goods in 2000.

NEW MEXICO EXPORTS A WIDE RANGE OF MANUFACTURES: \$589 MILLION IN 2000



Note: Manufactures are a subcategory of total merchandise exports, which also include mining commodities and unprocessed agricultural products.

Source: U.S. Department of Commerce, Exporter Location Series.

Exports Support Good Jobs

Export-related jobs tend to be good, high-paying jobs. Wages of workers in jobs supported by merchandise exports range 13–18 percent higher than the national average. Export-supported jobs are also

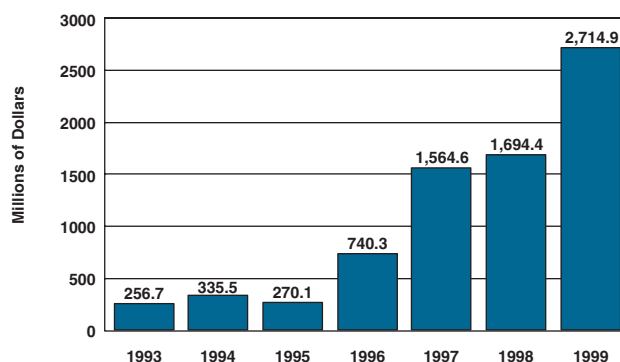
more secure: Exporting plants are 9 percent less likely to shut down than comparable nonexporting plants.

As of 1997 (latest available data), New Mexico's work force was the most export-dependent among the fifty states. In that year, New Mexico relied on manufactured exports for some 97,100 jobs. Export-supported jobs accounted for an estimated 17.3 percent of the state's total private sector employment—more than one of every six jobs and by far the highest percentage recorded by any state. By comparison, the national average in 1997 was 7.2 percent, or roughly one of every 14 jobs.

Manufactured exports supported about 11,900 jobs in New Mexico's manufacturing industries. This was 30 percent of the state's manufacturing workforce, the second-highest figure among the states. An estimated 5,600 export-related manufacturing jobs, or nearly half the state total, were in the computer and electronic products industry. Another 1,600 export-sustained jobs were located in the fabricated metal products sector.

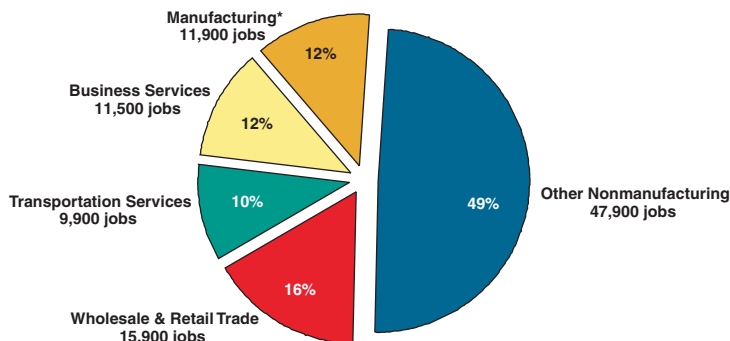
Exports of manufactured goods also indirectly supported 85,200 jobs in New Mexico's nonmanufacturing industries, including 11,500 workers in the business services sector, 9,900 in transportation services, 15,900 in wholesale-retail trade, and another 47,900 in other nonmanufacturing industries such as agriculture and mining. All these industries directly and indirectly supply manufac-

ALBUQUERQUE'S MERCHANDISE EXPORTS GREW TENFOLD FROM 1993 TO 1999



Source: U.S. Department of Commerce, Exporter Location Series.

97,100 NEW MEXICO JOBS DEPENDED ON MANUFACTURED EXPORTS IN 1997



*Includes 100 jobs tied to exports of processed foods.

Source: U.S. Department of Commerce, Bureau of the Census, Manufacturing & Construction Division.

turers with a wide variety of inputs needed to produce goods for export.

TRADE PROMOTION AUTHORITY—KEY TO OPENING WORLD MARKETS

U.S. Trade Promotion Authority (also known as TPA or "fast track") is essentially an agreement between the President and Congress on how market-opening trade negotiations will be conducted and agreements approved.

Under TPA, the President involves Congress in trade negotiations from the start; Congress, in exchange, agrees to vote yes or no on any resulting agreement in its entirety, without amendments. The two branches set negotiating objectives and consult during trade talks while inviting public comment. This open process allows problems to be identified and resolved during negotiations, when agreement is most easily achieved.

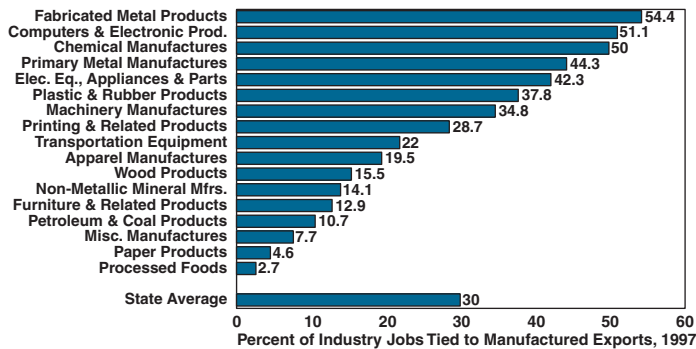
TPA preserves the ability of the United States to protect public health, safety, and the environment.

Exports Help Small Business

Exports have broadly benefited New Mexico businesses, both large and small. A total of 971 companies exported from New Mexico locations in 1998. More than 76 percent of these companies, accounting for about 8 percent of the state's total exports, were small and medium-sized firms that had fewer than 500 employees. In fact, more than 63 percent—about two-thirds—of all New Mexico exporters were small firms with fewer than 100 workers.

Sizable numbers of small and medium-sized exporters were dispersed throughout New Mexico as of 1998. The Albuquerque area had 280 such exporters, the most of any New Mexico metro area. Following Albuquerque were Santa Fe (115) and Las Cruces (82).

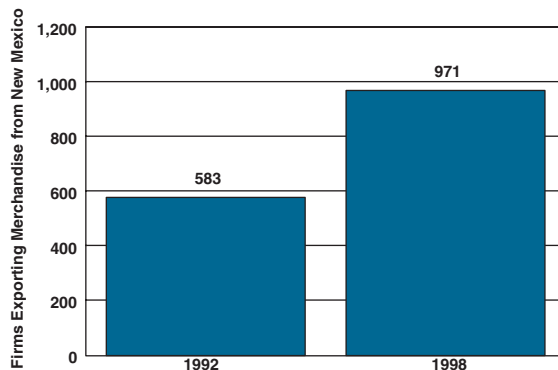
ABOUT THREE-TENTHS OF MANUFACTURING JOBS IN NEW MEXICO WERE TIED TO EXPORTS IN 1997



Note: In 1997, 30.0 percent of the 39,700 manufacturing jobs in New Mexico were tied to manufactured exports—some 11,900 jobs. For any given manufacturing sector, export-related employment includes all workers producing goods for export or of inputs to the export manufacturing process.

Source: U.S. Department of Commerce, Bureau of the Census, Manufacturing & Construction Division.

THE NUMBER OF COMPANIES EXPORTING FROM NEW MEXICO ROSE 67 PERCENT FROM 1992 TO 1998



Source: U.S. Department of Commerce, Exporter Data Base.

Foreign Competitors Are Not Standing Still

While previous rounds of trade negotiations were highly successful in reducing trade barriers, much work remains to be done to level the playing field for U.S. businesses.

In fact, the United States has fallen behind our trading partners in combating market barriers through free trade agreements. The United States is a party to just two of the estimated 130 free trade agreements in force worldwide. In comparison, the European Union has FTAs with 27 countries. Since U.S. tariffs are already low compared to those of our trading partners, the United States has a great deal to gain from future negotiations aimed at prying open foreign markets.

New Mexico Industries Can Gain From Trade Negotiations

New Mexico's exporters still face many tariff and nontariff barriers abroad, especially in developing countries. While developing nations are among the most promising markets, they also tend to have high levels of import protection. Trade negotiations aimed at reducing these barriers will significantly benefit New Mexico's businesses across many industrial sectors.

Information technology. New Mexico's high-tech businesses are beneficiaries of the Information Technology Agreement. The agreement eliminates duties on the entire IT sector in major markets throughout the world, with the exception of the larger markets of Latin America. Tariffs on IT products in key Latin American markets remain as high as 30 percent. Beyond tariffs, IT products also face such nontariff restrictions as redundant testing and certification requirements. U.S. suppliers, including those in New Mexico, would likely see sales rise if remaining barriers on IT products were eliminated.

Chemicals. TPA would allow the United States to build on duty reductions established under the Uruguay Round Chemical Tariff Harmonization Agreement (CTHA), which reduced tariffs to harmonized low levels on a range of products from fertilizers to plastics. Since the end of the Uruguay Round, more advanced developing countries,

NEW MEXICO: WHY TRADE PROMOTION AUTHORITY?

Trade Promotion Authority is critical for removing remaining barriers to exports of New Mexico goods and services.

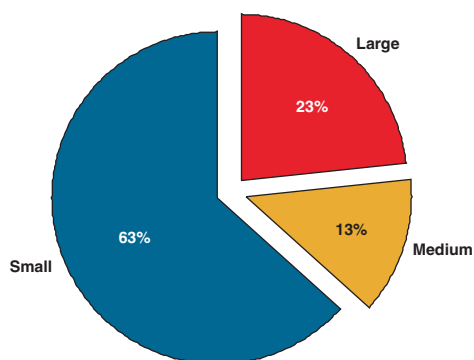
New Mexico exporters still face major trade barriers in such sectors as information technology, chemicals, and scientific equipment.

With the United States on the sidelines, foreign competitors are forging ahead and pursuing their own market-opening agreements.

More than 97,000 New Mexico jobs depend on exports of manufactured goods.

971 companies—including 745 small and medium-sized businesses—export from New Mexico.

76 PERCENT OF NEW MEXICO'S 971 EXPORTING FIRMS IN 1998 WERE SMALL AND MEDIUM-SIZED ENTERPRISES



Small = less than 100 employees; medium = 100–499 employees; large = 500 or more employees.
Source: U.S. Department of Commerce, Exporter Data Base.

most of which do not participate in the CTHA, have become increasingly important chemical producers. Tariffs in Asian countries outside the CTHA range up to 60 percent. New negotiations would offer the opportunity to address tariff disparities and the many nontariff barriers facing the chemical industry, including discriminatory product registration, testing/certification, and import licensing requirements.

Scientific equipment. The United States is the world's largest exporter of scientific equipment. New Mexico's exporters of these products would benefit from market opening initiatives, particularly tariff reductions that could result from a new WTO round. Tariffs on scientific equipment in many Latin American countries range from 4 percent to 25 percent, while those in some East Asian countries approach 40 percent. In addition to tariffs, exporters of scientific equipment also face such nontariff restrictions as cumbersome customs clearance and certification requirements.

Agriculture. New Mexico produces and exports agricultural products. According to the U.S. Department of Agriculture, New Mexico's agricultural exports totaled \$74 million in 1999 (including processed foods). New Mexico's top agricultural exports are tree nuts, feed grains and products, wheat and products, live animals and red meats, and cotton. New Mexico already benefits from past trade agreements. Under the Uruguay Round, Japan cut tariffs on almonds and other nuts; South Korea, Thailand, and Malaysia are doing likewise. Under NAFTA with new rules of origin that increase demand for U.S. textiles in Canada and Mexico, Mexico's 10 percent tariffs on cotton will be eliminated

by 2003. However, U.S. agricultural exports still face high tariffs and nontariff barriers worldwide.

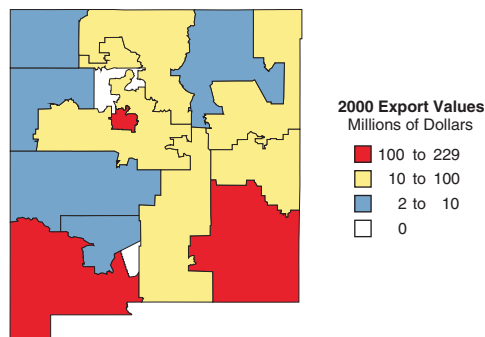
Services. Services are the biggest component of the U.S. economy and now account for more than one-fourth (28 percent) of U.S. exports to the world. Service exports in 2000 totaled \$296 billion; the United States ran a surplus of nearly \$80 billion in services trade with the world. Exportable services include transportation services (e.g., air freight), financial services (e.g., banking, insurance) and business services (e.g., engineering, architecture). Service industries confront a wide range of barriers abroad. Trade Promotion Authority will provide added impetus to the new round of global services trade negotiations now under way to dismantle these barriers.

Imports Also Important to New Mexico

While exports generate clear benefits for the New Mexico economy (jobs, wages, expanded tax base, etc.), the role of imports is less clear—especially since no import statistics are available for states on an end-user basis. Although many often equate imports with “lost” jobs, the reality is usually much more complex. For example, there is no doubt that imports supply critical inputs for many of the goods and services produced in New Mexico, including products destined for export. Imports often play a key role in ensuring supplies of vital materials that are either scarce or simply not available domestically. More generally, imports provide consumers and businesses in New Mexico with wider choice in the marketplace, thereby enhancing living standards and contributing to competitiveness.

EXPORTS ARE SOLD FROM ALL OVER NEW MEXICO

New Mexico's Merchandise Exports by Three-Digit Zip Code, 2000



Note: New Mexico's total merchandise exports in 2000 were \$645 million. Unshaded areas represent national forests and parks, federal and military reservations, localities without exports, and areas where export data are suppressed due to federal disclosure regulations.
Source: U.S. Department of Commerce, Exporter Location Series.